

Please Note: Centex Moseley, LLC is in the process of changing its name. When the name change is complete, all documents will be updated to reflect the new name.

INTERIM AGREEMENT

THIS INTERIM AGREEMENT dated this ____ day of April, 2007, between the DEPARTMENT OF CORRECTIONS, a department of the Commonwealth of Virginia (the "Department"), and CENTEX MOSELEY, LLC, a Virginia limited liability company (the "Contractor").

RECITALS

R1. The legal address for the Department and the Contractor and the addresses for delivery of notices and other documents related to this Interim Agreement are as follows:

If to Department: Department of Corrections
ATTN: Kimberley C. Lipp
6900 Atmore Drive
Richmond, Virginia 23225
Telephone: 804-674-3102 ext. 1206
Facsimile: 804-674-3529

If to Contractor: Centex Moseley, LLC
ATTN: Michael Phillips
3924 Pender Drive
Fairfax, Virginia 22030
Telephone: 703-213-1321 or 703-273-3311
Facsimile: 703-934-5520

R2. The Department contemplates the site selection, financing, design, development, construction and equipping of a new medium security correctional facility, with a capacity of 1,024 Level 3 inmates, to be located within the Mt. Rogers Planning District in the Commonwealth of Virginia and as more completely described in the Phase II Proposal (defined below), which is attached hereto as Exhibit A (the "Project").

R3. The Geo Group submitted an unsolicited conceptual proposal pursuant to Virginia Public-Private Education Facilities and Infrastructure Act of 2002, as amended, Va. Code § 56-575.1 et seq. (the "PPEA"), on May 17, 2004, with respect to the Project (the "Geo Proposal").

R4. Pursuant to the PPEA and its implementing procedures, the Department subsequently published notices on dates between July 21, 2004 and July 28, 2004 that it had accepted the Geo Proposal for consideration and invited any competing proposals to be submitted by a specified deadline for consideration in order to determine whether the Department should advance to the detailed phase for proposals and the entry into a comprehensive agreement

pursuant to the PPEA with respect to the Project. The Department also declared its intent to use the competitive negotiation method, as defined in Va. Code § 2.2-4301, to consider the Phase I Proposal and any competing proposals relating to the Project. A copy of the public notice is attached hereto as Exhibit B.

R5. The Contractor submitted its competing conceptual proposal to the Department pursuant to the PPEA with respect to the Project on September 22, 2004 (the "Phase I Proposal").

R6. The Department determined that the Contractor's Phase I Proposal described a qualifying project and on August 10, 2006 selected the Contractor for advancement to the detailed-phase proposal stage in accordance with the PPEA and the Department's implementing procedures. The Department announced this decision on August 25, 2006. Accordingly, the Contractor submitted its detailed-phase proposal to the Department on December 15, 2006 (the "Phase II Proposal").

R7. The Department has selected the Contractor for negotiation of a comprehensive agreement under the PPEA for the Project based upon the Phase I Proposal, the Phase II Proposal, the Contractor's oral presentations and the Department's evaluations of those proposals and presentations.

R8. The specific site for the Project within the Mt. Rogers Planning District has not been identified or approved, and it will not be feasible to enter into a comprehensive agreement pursuant to the PPEA with respect to the Project until such site is identified and approved. Accordingly, the Department desires to enter into this Interim Agreement with the Contractor to furnish its site-identification, selection, evaluation and pre-acquisition services (the "Site Services") in order to enable the Department to continue moving forward toward the final identification, selection and acquisition of a site for the Project.

R9. The scope of the site-selection, evaluation and pre-acquisition services to be furnished by or on behalf of the Contractor pursuant to this Interim Agreement is described in Exhibit C attached hereto and incorporated by this reference herein (the "Scope of Site Services").

NOW, THEREFORE, in consideration of the recitals set forth above, and other good and valuable considerations as set forth below, the parties hereby agree as follows:

1. Site Services. The Contractor agrees to furnish or cause to be furnished the Site Services included within the Scope of Site Services, and the Department hereby agrees to authorize the Contractor to proceed with such Site Services, on the terms and conditions set forth in this Interim Agreement. The Site Services shall include that work necessary to enable the Department to determine whether a site under consideration is suitable for the Project. The determination of suitability of a site shall be entirely within the discretion of the Department. In determining whether a site is suitable, the Department may consider, among other things, statutory, administrative and other legal requirements (including Chapter 2 (*Fee Acquisition*) of the Department of General Services/Division of Engineering and Buildings' Real Property

Management Manual), and any other requirements with which the Department may have to comply when acquiring a site for, building or operating the Project.

2. Tasks.

(a) The Site Services are organized in separate tasks to be performed for each potential site to be evaluated by the Contractor pursuant to this Interim Agreement, as identified in Exhibit C attached hereto (individually, a "Task" and, collectively, the "Tasks").

(b) The parties shall agree to describe the Contractor's deliverables (the "Deliverables") with respect to each Task for any potential site prior to authorizing any Task (for those tasks authorized herein, the Deliverables are listed on attached Exhibit D). The dates and manner by which such Deliverables shall be furnished to the Owner shall be determined in accordance with the provisions of this Interim Agreement and the individual Task Assignments (as defined below) issued hereunder.

3. Task Assignment Prices.

(a) The Owner shall authorize the Contractor to proceed with the Site Services included in each Task relating to any potential site by issuing a written task assignment to the Contractor identifying the Tasks to be performed in connection with such potential site and setting forth the schedule of values for the Site Services in such Task and, at the election of Department, the time for the performance of such Site Services in the Task (individually, a "Task Assignment" and, collectively, the "Task Assignments"), it being understood that the price to be charged for the Tasks performed in connection with any potential site shall not exceed the dollar value therefor set forth in the applicable Task Assignment. The Contractor shall be authorized and required to proceed only with those Site Services authorized in such Task Assignments. Should the cost of the Site Services authorized in any Task Assignment exceed the price authorized under the such Task Assignment, the Contractor shall not be entitled to reimbursement for such excess cost without the written consent of the Department.

(b) The initial site under consideration for the Project is the Cox Chapel site located in Grayson County, Virginia, as more particularly described in Exhibit E attached hereto (the "Initial Potential Site"). A second potential site under consideration for the Project is the Route 58 site located in Grayson County, Virginia, as more particularly described in Exhibit E attached hereto (the "Route 58 Site"). The prices agreed upon by the Department and Contractor for the Tasks related to the Initial Potential Site and the Route 58 Site are set forth in Exhibit C attached hereto. The Contractor is hereby authorized to proceed with the Site Services in such Tasks relating to the Initial Potential Site and the Route 58 Site for the respective prices set forth in Exhibit C. The parties agree that this paragraph 3(b) and the exhibits referenced herein shall constitute a Task Assignment with respect to such Sites. All Site Services authorized hereunder for the Initial Potential Site and the Route 58 Site shall be completed by _____ and all Deliverables associated with the Site Services for the Initial Potential Site shall be provided to the Department by _____.

(c) Intentionally deleted.

(c) With respect to those Tasks related to potential sites other than the Initial Potential Site or the Route 58 Site, if any, the Contractor shall, upon request from the Department, provide a price to furnish the Site Services included within such additional Tasks. The Contractor shall not be authorized to furnish the Site Services included within such additional Tasks unless authorized to do so in a Task Assignment issued by the Department, in which case the Contractor shall furnish such Site Services included within the additional Task(s) for the prices set forth in the Contractor's proposal for the additional Site Services.

(d) The Contractor shall not be obligated to perform Site Services or to incur costs that are not specifically authorized to be performed under the terms of this Interim Agreement or a Task Assignment.

4. Performance of Site Services.

(a) It is understood and agreed that the Contractor may subcontract with various professionals, consultants and subcontractors to furnish the Site Services included within any particular Task based on the professional qualifications and capabilities required to perform the applicable Task Assignment.

(b) The Contractor shall cause the Site Services to be performed in accordance with the applicable standards of skill and care customarily accepted as good practice and procedures by members of the same profession or discipline performing similar services in the Commonwealth of Virginia (the "Standard of Care").

(c) The Contractor shall not be required to sign or furnish any documents that would result in the Contractor or any of its professionals, consultants or subcontractors having to certify, guarantee or warrant the existence of conditions whose existence cannot be ascertained based on the Site Services performed to the respective dates of such documents. Any certification provided by Contractor or its professionals, consultants or subcontractors shall be provided based on their respective knowledge, information and belief subject to the preceding sentence, and shall be given in accordance with the Standard of Care. Subject to Section 3(a), the Contractor shall be compensated for any additional work beyond that normally required by the Standard of Care to the extent the Department requires such additional work in order to verify compliance with regulatory standards applicable to the Department's acquisition of a site.

5. Changes. The Department may, by a written order, make changes within the Scope of Site Services to the particular Site Services to be furnished under an individual Task Assignment (in each case, a "Change Order" and, collectively, the "Change Orders"). If any such Change Order causes an increase or decrease in the cost of, or the time required for, the performance of any part of the Site Services included within the changed Task Assignment, an equitable adjustment shall be made in the price of such Task or the delivery schedule for the Task, or both. In the event that the parties are unable to agree on the equitable adjustment to the Task's price or delivery schedule, or both, then the Contractor shall proceed with the Task Assignment,

as changed by the Change Order, but the Contractor shall be entitled to make a claim for additional compensation or additional time, or both, in accordance with the dispute resolution procedures set forth in Section 47 of the General Conditions of the Design-Build Contract between the Virginia Department of Corrections and Centex-Moseley, L.L.C., as set forth in Exhibit F attached hereto (the "General Conditions").

6. Invoices and Payments.

(a) Payments to the Contractor shall conform to the provisions of Section 36(a) of the General Conditions. The Contractor shall be entitled to progress payments in respect of any Task based on the schedule of values incorporated in the applicable Task Assignment.

(b) Notwithstanding any provision herein to the contrary, the Department acknowledges that certain of the Site Services have been furnished and/or completed and delivered prior to the parties' entry into this Interim Agreement, and the Department hereby agrees that its first payment to the Contractor under this Interim Agreement shall include all amounts relating to such previously-furnished Site Services. Such first payment shall be in the total amount of \$395,983, shall constitute full payment for all Site Services associated with the Initial Potential Site, and shall be made in two installments upon the following schedule: (i) 95% shall be paid with 7 days of execution of this Interim Agreement by the Department, and (ii) the balance shall be paid within 7 days of the receipt by the Department of all Deliverables related to such Site Services for the Initial Potential Site.

7. General Conditions; Conflict of Terms.

(a) In determining the parties' respective rights and obligations in respect of the Site Services to be furnished under this Interim Agreement, the following sections of the General Conditions (and only the following sections thereof) are incorporated by this reference herein, to the extent applicable to the subject matter of this Interim Agreement: 1 (Definitions, subject to the following modifications: the term "Comprehensive Agreement" is deleted; and the term "Contract" is amended to mean "the Interim Agreement dated April __, 2007, between Contractor and Department."); 3 (Laws and Regulations); 4 (Nondiscrimination); 5 (Prohibition of Alcohol and other Drugs); 9 (Subcontracts); 11 (Contractor's and Subcontractor's Insurance, but including only subparagraphs (a), (b), (c) and (d)); 15 (Architect/Engineer's Status, excluding subparagraph (f)); 34 (Protection of Persons and Property, excluding subparagraphs (d) through (f)); 36 (Payments to Contractor, excluding subparagraphs (b), (d), (g) and any references to bonds or retainage; 37 (Payments by Contractor); 38 (Changes in the Work, excluding all references to sureties and deleting subparagraph (e)(4)); 39 (Extras); 40 (Contractor's Right to Stop Work/Terminate); 41 (Owner's Right to Terminate for Cause, deleting references to sureties); 42 (Termination for Convenience); 43 (Damages for Delay; Extension of Time, excluding subparagraphs (d) through (h)); 46 (Assignment); and 47 (Contractual Disputes).

(b) In the event of any conflict or inconsistency between the text of this Interim Agreement and the General Conditions, the provisions of the text of this Interim Agreement shall control and prevail.

8. Comprehensive Agreement. Following the Department's selection of a final site for the Project, the parties intend to enter into a comprehensive agreement pursuant to the PPEA with respect to the Project (the "Comprehensive Agreement"). The parties hereby agree that the Comprehensive Agreement for the Project shall be in substantially the form of that certain Comprehensive Agreement dated as of September 1, 2004 between the Department and the Contractor relating to certain other correctional facilities within the Commonwealth of Virginia (the "Prior Comprehensive Agreement"), subject to the following modifications: (i) the Contractor shall be responsible for all site conditions encountered on the Project except for any unknown site condition where the failure to discover such site condition did not result from a failure to satisfy the Standard of Care in the performance of the Site Services hereunder; (ii) incorporate the appropriate terms of the most current version of the Commonwealth of Virginia Construction and Professional Services Manual (CPSM), including all revisions, shall be used; (iii) the acquisition of real estate shall be generally in accordance with contract set forth in Exhibit E; and (iv) those other modifications necessary to address the facts and circumstances peculiar to the Project. Nothing herein shall be construed to require either party to enter into the Comprehensive Agreement should the parties fail to agree on site selection design, price, delivery schedule or other material terms and conditions applicable to the Project. Additionally, entry into the Comprehensive Agreement by the Department shall be expressly subject to and contingent upon: (i) the final written approval of the Governor of Virginia or his designee; and (ii) the Department's receiving approval for and receiving all necessary funding for the Project.

9. Termination. The parties may terminate this Interim Agreement in accordance with the provisions of Sections 40, 41 and 42 of the General Conditions.

10. Disputes/Claims. Any and all claims or disputes arising out of or relating to this Interim Agreement and/or the Site Services to be furnished by Contractor hereunder shall be administered and resolved in accordance with the provisions of Section 47 of the General Conditions.

11. Counterparts. This Interim Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of such counterparts together shall be deemed to be one and the same instrument. It shall not be necessary in making proof of this Interim Agreement or any counterpart hereof to produce or account for the other counterparts.

12. Entire Agreement. This Interim Agreement, including the exhibits attached hereto and other documents incorporated by reference herein, constitutes the entire and exclusive agreement between the parties relating to the subject matter hereof. This Interim Agreement may be amended or revoked only by an instrument in writing signed by each party hereto.

13. Recitals. Recitals R1 through R9 are incorporated into and made a part of this Interim Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Interim Agreement as of the day and year first set forth above.

DEPARTMENT:

CONTRACTOR:

DEPARTMENT OF CORRECTIONS,
a department of the Commonwealth
of Virginia

CENTEX MOSELEY, LLC,
a Virginia limited liability company

By:_____

By:_____

Name:_____

Name:_____

Title:_____

Title:_____

Exhibit A of Interim Agreement dated _____, 2007 between Virginia Department of Corrections and Centex Moseley LLC

Phase II Proposal

The Phase II Proposal is Incorporated Herein by Reference.

Please See Phase II Proposal Posted on Department's Web-Site at the Time of this Contract:

<http://www.vadoc.virginia.gov/procure/design/ppea/centex-moseley/centex-moseley-detailed-proposal.pdf>

Exhibit B of Interim Agreement dated _____, 2007 between Virginia Department of Corrections and Centex Moseley LLC

PUBLIC NOTICE

The Virginia Department of Corrections (DOC) has received and accepted an unsolicited proposal under the Public-Private Education Facilities and Infrastructure Act (PPEA). DOC intends to evaluate the proposal, may negotiate a comprehensive agreement with the proposer based on the proposal, and will accept for simultaneous consideration any competing proposals that comply with the procedures adopted by the Commonwealth and the provisions of the PPEA. Competing proposals will be accepted until 2 p.m. September 22, 2004 at the Department of Corrections, 6900 Atmore Drive, Richmond, Virginia 23225, Attn: Kimberley Lipp.

Your submission must include 5 copies of the proposal, 1 electronic copy of the proposal (either on CD or via email to Kimberley Lipp at address below), and the proposal review fee required by Commonwealth of Virginia Procedures as published on the website of the Secretary of Administration.

The projects included in the unsolicited proposal are as follows: One or two medium security correctional facilities, to be located in the Mount Rogers Planning District and/or Drakes Branch, Virginia.

Copies of the unsolicited proposal are available upon request, subject to the provisions of FOIA and section 56-575.4G of the PPEA. Contact Kimberley Lipp at (804)674-3102, extension 1206, or at lippkc@vadoc.state.va.us.

Exhibit C of Interim Agreement dated _____, 2007 between Virginia Department of Corrections and Centex Moseley LLC

Scope of Site Services

Initial Potential Site: Site Investigation at Cox Chapel Site (refer to Exhibit E for site description)

TASKS

1A. Environmental Survey/Analysis	\$ 56,211
1B. Site Civil Engineering Analysis	\$200,000
1C. Architectural Consulting	\$ 29,772
1D. Administrative/Legal/Public Relations/Contingency	<u>\$110,000</u>
INITIAL POTENTIAL SITE TOTAL	\$395,983

Potential Site No. 2: Site Investigation at Route 58 Site (refer to Exhibit E for site description)

TASKS

2A. Environmental Survey/ Analysis	\$ 50,000
2B. Site Civil Engineering Analysis	\$200,000
2C. Architectural Consulting	\$ 30,000
2D. Administrative/Legal/Public Relations/Contingency	<u>\$100,000</u>
POTENTIAL SITE TOTAL	\$380,000

Exhibit D of Interim Agreement dated _____, 2007 between Virginia Department of Corrections and Centex Moseley LLC

Description of Deliverables

1. Preliminary Environmental Feasibility Study
2. Geotechnical Report
3. Preliminary Site Civil Layout
4. Preliminary Site Architectural Layout
5. Boundary Survey
6. Aerial Photograph
7. Topographic Map
8. Title Report
9. Site Recommendation

Exhibit E of Interim Agreement dated _____, 2007 between Virginia Department of Corrections and Centex Moseley LLC

Site Descriptions of Initial Potential Site and Route 58 Site

Cox's Chapel Site

The Cox's Chapel site is located in Grayson County, Virginia, approximately 4 miles west of the Town of Independence, and just south of the New River near the Cox Chapel Community. The specific site is referred to as Buzzard Hill, and consists of a 75-acre parcel for the proposed facility. This is a portion of Tax Map Parcel 71-A-47 owned by Larry Corriher.

Route 58 Site

The Route 58 site is located in Grayson County, Virginia, approximately one mile east of the Town of Independence and is bounded to the north by U.S. Route 58 and to the east by Peach Bottom Creek.

The project would involve four parcels of land (total 98.3 acres) as follows...

Tax Map Parcel 73-A-97 – Owners Walls, James & Lucille 43.4 acres zoned RF

Tax Map Parcel 73-A-97A - Owners Walls, James & Lucille 1 acre zoned RF

Tax Map Parcel 73-A-94B - Owners Walls, James & Lucille 18.3 acres zoned RF

Tax Map Parcel 73-A-96 - Owners Anders, J Scott 35.6 acres zoned RF